



Center for Social Development

GEORGE WARREN BROWN SCHOOL OF SOCIAL WORK

**Broad and Deep:
The Extensive Learning Agenda in YouthSave**

Center for Social Development

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Acknowledgments

This is a product of the YouthSave Project. Supported by The MasterCard Foundation, YouthSave investigates the potential of savings accounts as a tool for youth development and financial inclusion in developing countries, by co-creating tailored, sustainable savings products with local financial institutions and assessing their performance and development outcomes with local researchers. The project is an initiative of the YouthSave Consortium, coordinated by Save the Children in partnership with the Center for Social Development at Washington University in St. Louis, the New America Foundation, and the Consultative Group to Assist the Poor (CGAP).

The Extensive Learning Agenda in YouthSave

YouthSave is a pioneering project designed to increase youth savings and related positive outcomes among low-income young people in developing countries. The target countries are Colombia, Ghana, Kenya, and Nepal. However, lessons from YouthSave will inform saving products, services, and policies far beyond these four target countries.

The YouthSave initiative is carried out by a Consortium of four key partner organizations: Save the Children Canada and USA, Consultative Group to Assist the Poor (CGAP), New America Foundation, and the Center for Social Development at Washington University in St. Louis (CSD). Save the Children USA coordinates the project and works with the financial institutions on product development. CGAP leads the business case analysis and provides consultation to the financial institutions. New America Foundation coordinates overall engagement and dissemination and provides policy analysis support. CSD leads the learning agenda. In addition, YouthSave has in-country partnerships with financial institutions and research organizations. A major goal in YouthSave is to develop on-going in-country capacities in both youth savings and research.

CSD has a track record in designing and implementing rigorous, large-scale, multi-method research that leads to real and meaningful changes in products, services, and policies. Our experience tells us that—when we ask the right questions and carry out sound research—the resulting knowledge matters.

The learning agenda in YouthSave is broad in its reach, extensive in its multi-method approach, and deep in its longitudinal analysis of impacts on youth, households, and financial institutions. Researchers in the United States and each of the four countries will assess outcomes for both youth and financial institutions. Research will assess the “business case” for youth savings accounts in commercial banks in each of the four countries. Research will also examine effects of savings products and service characteristics on savings success among youth, effects of youth characteristics and circumstances on savings success, and long-term development outcomes for youth participants and households—especially on their education, livelihood, and health. In this regard, YouthSave will make new and very important contributions to understanding saving and development of youth.

In addition, these findings will be presented and interpreted with a thorough appreciation of unique contexts in policy and regulatory environments, financial institution history and YouthSave service delivery, community characteristics, and attitudes and behaviors of participating youth and their families.

The YouthSave research team is well prepared to achieve these goals. The team is international, experienced, and highly committed to extensive, thorough, and careful inquiry. The research team will maintain high standards throughout—in learning design, field partnerships, data quality, analysis, and reporting.

The YouthSave learning agenda will produce critical knowledge from multiple perspectives to inform the design of savings products, services, and policies targeted for youth, and at the same time provide insight into asset building among youth and their families.

Four Key Learning Questions

Research in YouthSave will: (1) assess the “business case”; (2) track and analyze all saving transactions along with youth participants and product/service characteristics; (3) rigorously assess the impact of YouthSave on long-term development outcomes for participants and households, especially for youth’s education, livelihood, and health; and (4) place all of this learning in context through integrative case studies.

Learning question 1 addresses the “business case” for youth savings accounts.

- *What combinations of product and services characteristics and marketing strategies can lead to profitability, sustainability, and commercial adoption of youth savings accounts among financial institutions?*
- *Research method: Business Case Studies*

The potential scale and impact of Youth Savings Accounts (YSAs) will only be realized if financial institutions (FIs) can identify the characteristics of systems and products that turn YSAs into strong elements of their medium-to-long-term strategies, and a sensible addition to their product lines. In part, this depends on whether FIs can graduate youth savings clients into other, potentially more profitable products (e.g., payments, credit) as adults, and whether the decrease in customer acquisition costs for former youth savings clients relative to new clients makes up for the opportunity cost of the FIs’ investment in the youth savings offering.

This learning question is led by our YouthSave partner Consultative Group to Assist the Poor (CGAP), an independent policy and research center housed within the World Bank. CGAP will explore operational issues such as product design, delivery channels, and staff incentives, as well as the effect of a youth savings product on lifetime customer value to the FI. The learning activity associated with this question is closely tied to the activities and data collection for the second learning question, since client-level information will be vital in understanding the combination of product features that work in a given context. The specific research questions to be investigated include the following:

- *Product attributes and the business case.* What combination of product attributes and marketing lead to a stronger business case for youth savings—including to increased cross-sales opportunities—and are some of these attributes in conflict with other objectives such as higher savings balances or other development goals?
- *Cross-selling analysis.* What other (non-savings) products and services are being sold to youth and their families and how do these other cross-selling opportunities affect revenues in the short, medium, and long term?

- *Financial capability and commercial viability.* What is the impact of financial capability outreach and financial education on the commercial viability of youth savings accounts?
- *Role of subsidy.* What role does subsidy play in the success of YSAs? What kinds of subsidies work better than others and for what purposes? What is the impact of the subsidy on the business case for the FI and how does this impact scalability and replicability?
- *Cost of delivering youth savings products and the role of technology.* How can new technology solutions, such as branchless banking via mobile phones or cards and POS terminals, reduce the cost of serving small balance savers and strengthen the business case for YSAs?
- *Role of policies and regulations.* How do financial sector policies and regulations affect the business case and viability of youth savings products?

Learning question 2 asks which clients are likely to be successful savers.

- *Which youth client, household, and saving product and service characteristics are associated with savings performance and outcomes?*
- *Research method: Savings Demand Assessment*

The answer to this question will inform how YSAs are viewed in terms of product viability, and how they are targeted and designed for particular populations or groups. The data gathered in response to this learning question can be used to inform providers about clients who are likely to be successful savers as well as clients who may require special efforts to be successful.

Using the Saving Demand Assessment (SDA), the research team will measure which youth, household, and saving product and service characteristics are associated with positive savings outcomes for youth in all four countries.

The SDA will track all savings transactions of all participants throughout the entire study, as well as key product and service characteristics. In addition, a small number of key variables on individual and household characteristics will be collected for each participant when they sign up for an account. The resulting data set will contain important information on savings patterns and outcomes, as well as factors associated with them, across all participants in all four countries.

Following are some specific characteristics to be tested, as well as initial hypotheses about how various characteristics may impact saving success, based on past research:

Youth account holder characteristics:

- *Age of youth.* Households are likely to save more in YSAs of older youth, especially in situations where school tuition is needed.
- *Gender of youth.* Unfortunately there is evidence that parents and guardians may save more for male youth. With this expectation, YSAs should be designed to promote inclusion of female youth, and gender outcomes will be explicitly tested.

- *Education level and school enrollment of youth.* In-school youth and youth with more education are likely to save more.
- *Youth employment status.* Youth who have earned income within the past six months are more likely to have cash for making deposits.

Household characteristics:

- *Household income.* In some studies, lower-income households have higher savings rates than higher-income households.
- *Asset ownership.* In research on poverty scoring, owning technological durables is an indicator of level of income.
- *Number of people living in household.* The greater the number of people, the lesser the amount of resources that may be available for saving.
- *Geographic location of residence.* In some countries, location of residence indicates a categorical level of income.
- *Education of head of household.* Education may be associated with better saving performance.
- *Employment status.* Employment in agriculture and non-salaried labor are associated with lower household income and may affect savings performance.
- *Involvement in formal savings.* Previous formal banking experience may affect savings performance.

Saving product and service characteristics. Depending on variations across sites, YouthSave will also test saving account and service features, such as:

- *Account opening strategies (e.g., opt in or opt out)*
- *Initial deposit or other initial incentive*
- *Account simplicity*
- *On-going account incentives*
- *Facilitated depositing (e.g., ATM or saving at school)*
- *Financial education or training*

Research design. The SDA will document the account demand (uptake) and savings activity generated by the youth savings products that are offered by Banco Caja Social in Colombia, HFC Bank in Ghana, Postbank in Kenya, and Bank of Kathmandu in Nepal. SDA data and analyses will document how many youth take up accounts, who saves, what particular youth and household characteristics are associated with saving, and what product and service features may encourage saving. The data will also contribute to understanding how YSAs are viewed in terms of product viability and how they are targeted and designed for particular populations or groups.

The YouthSave research team will work with the financial institution in each country to ensure that similar demographic questions and responses about the youth and the youth's household are included across all intake forms used to open a YouthSave account at the financial institution. The FIs will provide financial records of those who sign up and who have given consent to participate in the research. Researchers will combine demographic information with savings transaction records of each account holder over the life of the project. Data will be collected from approximately November 2011 through May 2014.

For the Ghana impact study site, which extends one year longer, data will be collected from approximately November 2011 through November 2014. Where feasible, data will also be collected on any other financial products that the account holder and parent/guardian may have at the time of enrollment or take up during the life of the project.

Data analysis. The SDA will track and analyze account-level transaction patterns. The output of this learning will include descriptive information on the number of youth clients adopting the product and the amount they are saving at each partner financial institution. Household characteristics such as income and educational attainment will also be assessed in relation to these savings outcomes. Such data can lead to “saving scoring” to inform providers about clients that are likely to be successful savers, and clients that may require special efforts to be successful. Descriptive results will be published semi-annually, and a more in-depth analytical report will be published annually.

Multivariate analyses will control for other client and household characteristics to help determine which factors have the most important effects. For example, it could be that gender is associated with savings outcomes due to cultural patterns or even prejudices, and this information will be important to know.

Where possible, analyses will control for other product, service, and policy features. Also, depending on numbers of YSA sites, it will be desirable to control for unobserved differences across sites. This will be done using statistical methods (dummy variables) for each site (the number of site-level statistical controls that can be used effectively may be constrained by the number of sites).

Value and potential of SDA. The SDA will yield a data set and analyses that are highly informative from a research perspective and especially relevant in the “real world” to inform saving product and service design and marketing.

In addition, once the SDA framework is in place, it becomes rather easy to build on this to test different saving features (e.g., incentives, targets, information), or additional features that may be related to saving (e.g., financial education, deposit reminders, participation in youth savings clubs). The YouthSave research team is very interested in developing these opportunities.

Learning question 3 asks about the impacts of youth savings accounts on development.

- *What are the impacts of YSAs on developmental outcomes for youth and the household in finances, educational attainment, health, and other measures of well-being?*
- *Research method: Randomized Experiment for Impact Assessment*

Put another way, this question asks: *How are customers who have access to delivery of YSA accounts developmentally different at the end of the observation period from those who do not receive the same delivery of YSA accounts?* Testing for financial and

developmental impacts will provide the strongest evidence for or against the expansion of YSAs and their viability as a development tool. The nature of these impacts will suggest directions in products, services, and policy.

This research question will be answered with an impact assessment in Ghana that will investigate the impacts of Youth Savings Accounts on developmental outcomes for youth, as well as on their households' finances and well-being. This will be one of very few savings studies that have attempted to document long-term development outcomes in experimental conditions. In addition, the YouthSave research team is exploring opportunities for additional impact assessments in other countries.

Research design. In the experiment, some youth will be randomly assigned to an intervention group and others to a control group. The intervention group will receive the intervention (active marketing and delivery of the YouthSave saving product and services), and the control group will not. Data will be collected at two points—baseline and endpoint—using a survey questionnaire. Currently, the research design proposes collecting data at baseline from a target population of youth aged 12 to 14 years and at endpoint from a target population of youth aged 16 to 18 years. This target group will enable us to identify impacts of the intervention on how youth transition into senior high school. This research design is based on a careful consideration of both product design and scientific standards for identification of impact. The initial sample size is targeted at 6,000.

Specific impacts to be tested as part of this research include:

Developmental impacts on youth

- *Financial capability*
- *Youth aspirations, especially in terms of education, employment, and livelihood*
- *School attendance and educational performance of youth*
- *Overall nutrition and health status of youth*
- *HIV/AIDS awareness and sexual protection among youth*
- *YSA impact on attitudes and outlook of parents or other caretakers*

Financial impacts on households

- *Total savings dedicated for children*
- *Total household savings (cash and other forms)*
- *Total household assets*
- *Household net worth*

Intervention to be tested. The intervention to be tested in the YouthSave experiment will be the marketing and delivery of the YouthSave account to the randomly-selected treatment participants. Treatment participants will then be compared to control participants, to whom the saving product will not be marketed and delivered directly. However, controls can still take up the account if they choose to do so. (No one across

all of the YouthSave project countries will be denied access to any saving product or service at any financial institution.)

Description of the intervention. HFC Bank in Ghana will market and offer savings accounts to youth. The research will track an initial sample of low-income Junior High School students. A large portion of these youth will become out-of-school youth over the course of the study, and they will be tracked as well. A key hypothesis is that the YouthSave intervention will have a positive impact on staying in school, and another key hypothesis is that the YouthSave intervention will also improve outcomes for youth who drop out of school.

The YouthSave product and service will have unique features such as low cost for opening an account and low minimum balance. In addition, HFC Bank is seeking permission from the Ghanaian Central Bank to offer the YouthSave product as a custodial account instead of a trust account. Although Ghanaian law stipulates that custodians of the accounts—in this case, parents or guardians—can make deposits to and withdrawals from a custodial account without the youth’s consent, the product will be structured to minimize this risk. Youth will be expected to sign all withdrawal forms for the YouthSave account, thus ensuring that parents or guardians cannot make withdrawals without the youth’s knowledge. Parents and guardians can make deposits to the account, but will be encouraged to allow the youth to do so instead.

HFC Bank plans to market and deliver the savings product primarily through schools, creating a culture of saving in schools with school-based banking and savings clubs, although the product will also be offered to out-of-school youth. The bank is also considering automatic (default) account opening with a small initial deposit.

Sampling frame for experiment: Schools. Because the bank plans to market and deliver the savings product primarily through schools, the logical sampling frame for random selection will be based on schools. The study will use a cluster randomized design. Schools will be randomized so that all students in a particular school will be in either the treatment or the control group.

Analysis indicates that the sampling design in this experiment will be 100 schools assigned to two conditions (treatment and control), with an equal number of schools in each condition. Within each school, the study will select a random sample of at least 60 youth, with the assumption of a study attrition rate of 12 participants per school or 20%.

Data collection. Data will be collected at two points—baseline (year 1) and endpoint (year 4)—using a survey questionnaire. Two separate questionnaires will be administered, one to the youth (treatments and controls) and the other to the youth’s household head or primary caregiver. Data will be collected on a number of outcomes including financial well-being (youth and household assets, liabilities, and net worth), financial knowledge and capability, educational outcomes, health behaviors and health status, and outlook and aspirations. The youth questionnaire will collect information about the participants’ demographics, education outcomes, outlook and aspirations,

health perceptions and attitudes towards selected health behaviors, and financial capability. The head of household or primary caregiver questionnaire will collect information about household information and living conditions, involvement in study, participants' education, outlook and expectations, and health and financial well-being. As indicated in the SDA description above, the partner financial institution, HFC Bank, will collect data regularly on account transactions (deposits, withdrawals, balances). The relationship with HFC Bank will minimize the risk of losing contact with treatment participants over the three years between survey data collection, but control participants will be more difficult to track. Systematic efforts will be made to maintain sample contacts and minimize study attrition.

Analyses. The estimated analysis sample is 4,800 (following attrition of 20%). Data from the youth and parent surveys will be analyzed to understand the difference in multiple development outcomes before and after the intervention for the treatment and control groups.

Contributions of impact study. Conducting long-term experimental research on saving in a developing country will not be easy to do. However, we are reasonably confident that the YouthSave research team can achieve valid results with a low-income population that is initially in school, even though many will drop out along the way. The youth who become out-of-school will also be tracked in the impact assessment. The research team anticipates that these results will be highly informative and of great interest for youth saving initiatives, as well as for saving and asset-building policies more generally.

Learning question 4 addresses the context of saving in YouthSave.

- *How are youth experiences in saving informed by context, and in turn, how does context inform social and economic development strategies in each country?*
- *Research method: Integrative Case Studies*

The final learning question investigates how the implementation and functioning of saving by youth will have contributed to youth development and financial inclusion goals within the unique circumstances at each project site. The practical learning from this question will be directly transferable to financial institutions, development organizations, community groups, policymakers, and regulators.

Context will be studied from product rollout through the project duration using a multi-faceted Integrative Case Studies (ICSs) method. ICSs will frame the learning results within the economic, policy, regulatory, institutional, community, and household contexts of each country. The goal is to gain a deeper understanding of how the project is unfolding and implemented in each country, including the facilitators and challenges of implementation, and how youth and other stakeholders interact with saving in different economic, policy, regulatory, and institutional circumstances within and across project sites.

Specific questions to be addressed include:

What do the findings tell us about...

- *Youth savings product and service implementation and operation?*
- *Supply and demand of youth saving?*
- *Youth savings impact (both financial and developmental)?*
- *Social policy and financial regulatory environment?*

How should these findings be interpreted...

- *In the context of economic, policy, regulatory, and institutional circumstances?*
- *In the field of microfinance?*
- *In terms of financial inclusion for youth?*

Research methods. Integrative Case Studies will tell the “story” of YouthSave in each country and give “voice” to youth and their families to provide richness and detail on operations and outcomes. ICSs will be based on a series of in-depth interviews, along with scanning of documentary evidence.

Integrative Case Studies will include the following areas:

- *Financial institution history and characteristics*
- *Policy and regulatory environment related to youth savings*
- *Economic and social environment*
- *Media coverage of YouthSave and youth saving*
- *Product and service planning and implementation*
- *Profiles and perspectives of youth participants*
- *Profiles and perspectives of community stakeholders*

Contributions of Integrative Case Studies to YouthSave. ICS reports will serve as a cumulative record of YouthSave in each country, culminating in a final account of implementation and performance of YouthSave in each country. Together, ICSs will provide a comparison of YouthSave implementation and issues across all four countries, and a final report will include systematic comparisons across the four countries. In addition, ICSs will provide important context for interpreting and understanding quantitative research results.

Conclusion: Knowledge for Widespread Impact

In sum, the YouthSave learning effort will be broad and deep. The rigorous, large-scale, multi-method research will investigate longitudinal impacts of holding a YouthSave account on youth, households, and financial institutions. In the process, YouthSave will generate many valuable insights about what works successfully, for whom, and under what circumstances. The hope is that this research will inform savings products, services, and policies in the target countries and beyond.

This knowledge will be published and distributed in research reports and briefs; on websites; in academic, policy, and business forums; at conferences; in scholarly journals; in magazines and newspapers; and in other venues and media outlets. The YouthSave research team, the research and financial partners in the field, and the Consortium overall are well positioned to enter research results and implications into a wide range of venues, publications, and on-going discussions.

Thus, we intend and anticipate that YouthSave learnings will be broadly communicated and applied in the “real world” of commercial financial services, microfinance, development programs for youth, and public policies. Much of this impact will occur in developing countries, where so many young people currently lack viable opportunities for education and livelihood. However, we also anticipate that YouthSave lessons can be applied in the more economically advanced countries—e.g., in the design of more inclusive College Savings Plans.¹ Increasingly, we learn from each other all around the world, and the YouthSave team aims for these extended learnings and impacts as well.

¹ In the United States, College Savings Plans allow individuals to make after-tax deposits for future higher education expenses. Research finds that low- and moderate-income families are much less likely to own College Saving Plan accounts than wealthier families. Inclusive policy reforms aim to make it easier for all families to save for college using College Savings Plans.